

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 906 – HB 2001

March 19, 2009

SUMMARY OF BILL: Establishes procedure for deducting from bid amount on State Building Commission projects the estimated energy cost savings attributable to a bidder's design modifications and proposals, for the sole purpose of determining the low bid.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Net Impact – Exceeds \$100,000

Assumptions:

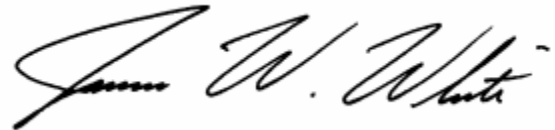
- The fiscal impact of this bill is dependent upon several unknown factors such as the number of projects undertaken in the future which would result from the proposed bid procedure, the extent of actual energy savings realized over the life of structures built relative to the energy costs of the structures if the bid process had been carried out under current law, and the extent to which the state would be successful in recovering actual excess energy costs above and beyond those estimated in the proposed bid process.
- It is expected that state expenditures will increase due to the State Building Commission being required to adhere to additional requirements as part of the bid process, and from the state pursuing restitution for excess energy costs incurred relative to those expected as determined by the proposed bid process.
- According to the State Architect, the additional requirements imposed on the State Building Commission could significantly delay completion of state building projects. Any such delays could result in higher materials costs due to the inflation of building materials. Determining a precise estimate for the extent of increased expenditures is difficult due to the extent of unknown factors. However, such increase to state expenditures is reasonably estimated to exceed \$100,000 per year.
- Based on information provided by the State Architect in 2008 in response to proposed legislation with identical language to this bill, the Tennessee State Building Commission endorsed Tennessee Sustainable

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Design Guidelines (TNSDG) that addressed a multitude of energy related requirements along with health and environmentally sensitive issues. The State Architect indicated that TNSDG will be a positive improvement in reduction of energy usage in state facilities. As a result, much of the cost savings that could otherwise be attributed to this bill is now occurring under TNSDG. Therefore, any subsequent and offsetting decrease of state expenditures is estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc